

ASSEMBLY BILL 719
Purchase of Service Credit
(a.k.a. "Air Time Bill")

Assembly Bill 719 will be effective January 1, 2004. It adds Government Code Section 20909 to provide CalPERS members the right to purchase additional service credit. (No contract is required for Public Agencies to participate in this benefit.)

To be eligible, a member must:

- ▶ Have five years of "credited service" (i.e., service posted through employment reported to CalPERS rather than through a credit purchase); AND
- ▶ Be actively employed with a CalPERS employer at the time of the election. Inactive members are not eligible.

Other conditions are:

- ▶ The member may elect from one to five years of additional service credit, in whole year increments.
- ▶ Only one election is permitted under the new section.
- ▶ The costing method required AB 719 is the same method applied to all new service credit types that have become law since the late 1980s. The employee will be required to pay the entire cost of the future projected increase in benefit from the additional credit, offsetting any employer liability. The cost is derived from "actuarial probability factors" that determine the projected benefit and current payment required to fund the benefit.
- ▶ Non-qualified service may not be counted to meet minimum qualifications for retirement, health, or any other benefit based on service credit.



State employees can use the [CalPERS Service Credit Estimator \(Military\)](#) to get a ballpark calculation. It is probable that if an employee uses the Military Calculator now to get an estimate and then decides to wait until January 2004 to request an official cost from CalPERS, the cost in January 2004 may be higher due to possible changes in the member's age and/or salary.

The Military Calculator only allows up to four years of service time. Employees interested in five years may want to calculate one year of service credit and then multiply the cost by five to get an idea of the five-year cost.

At this time, CalPERS does not know how soon a calculator for the Non-qualifying service credit will be up and running on the [CalPERS web site](#).

Additional information regarding AB 719 – Service Credit Purchase:

- ▶ [AB 719 – Service Credit Purchase: Fact Sheet](#)
- ▶ [New Service Credit Purchase Option – Non-Qualified \(Air Time\) Service](#)
- ▶ [CSEA Document: Bill Allows Purchase of Service Credit](#)
- ▶ [CalPERS: Personal Access](#)